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FISCAL IMPACT REPORT



SPONSOR: Lopez DATE TYPED: 2/5/02 HB

SHORT TITLE: Matching Funds for Health Care Programs SB SJM 41

ANALYST: Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
		\$0.1 See Narrative		Recurring	GF/Fed Funds

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Responses Received From

Department of Health (DOH)
Human Services Department (HSD)

SUMMARY

Synopsis of Bill

This Memorial requests that the Department of Health and the Human Services Department obtain the most favorable federal matching funds for health care programs. Reduced State revenue projections and the need to boost the health care industry are two main issues raised in the Memorial. In addition, the Memorial stipulates that the agencies must ensure that matching fund criteria do not adversely affect the vulnerable populations of the State. Finally, the Memorial requires that both departments report their combined findings and recommendations to the Legislative Health Subcommittee or an appropriate interim committee by October 1, 2002.

Significant Issues

The Center for Medicare and Medicaid Services (CMS) of the federal Department of Health and Human Services (DHHS) determines the federal matching fund rates for each state. The rates are based on poverty levels and are not negotiable. The current FFY02 Medicaid matching fund rate is 73.04; the FFY03 anticipated rate is 74.56. In lay language, the current rate means that for every dollar spent on Medicaid reimbursable services, the federal government will pay 73.04 cents and the

State of New Mexico state general fund will pay 26.96 cents.

The State's Human Services Department reports that the federal matching fund rate will increase in federal fiscal year 03. Given the State's current revenue challenges, it is unclear if eligibility criteria for adults and/or children will change. If the eligibility criteria become more stringent, individuals no longer eligible for Medicaid will likely shift to the Department of Health services, which serve as the safety net for basic medical and comprehensive behavioral health services. If the eligibility criteria remain the same, the rate increase will have a positive impact on both the Medicaid and behavioral health systems, as more funds will be available to serve the Medicaid population.

On a related note, Congress is considering an economic stimulus package that includes a potential federal matching rate increase of 1%. The package is still under consideration but, if approved, would result in yet another increase of federal funds into this State for Medicaid services, thus making available more State general funds.

FISCAL IMPLICATIONS

The bill does not contain an appropriation. (See administrative impact)

ADMINISTRATIVE IMPLICATIONS

Staff from DOH and HSD would assume the responsibility with existing resources.

TECHNICAL ISSUES

Since the federal matching rates are based on poverty levels and are not negotiable for various programs administered by DOH and HSD, the memorial's intent may need to be clarified.

OTHER SUBSTANTIVE ISSUES

HPC reports that the federal government has increased the matching rate for some health-related programs. New Mexico counties benefited when the Sole Community Provider Fund (SCPF) increased the federal match by 4% to almost 78%. The county governments then directed more funds into the SCPF; the result was an increase in available federal funds of at least \$30 million for the counties' Sole Community Provider Funding. In addition, the HPC notes that the State is currently in an economic downturn, and state revenue projections are estimated to be limited this year. According to data provided to the Health Policy Commission in the County Indigent Fund (CIF) Report 2002, there were some counties in New Mexico that experienced declining gross receipt revenues available for indigent health care.

DOH presently has critical health programs that use State matching funds for federal funds, for example: the Farmers' Market Nutrition Program, the Diabetes Prevention and Control Program, the Tobacco Use Prevention and Cessation (TUPAC), the Breast and Cervical Cancer Early Detection (BCCCEDP), the Breast and Cervical Cancer Treatment Program. A State match of from 1:1 to 1:5 is required for these programs. It is important to maintain the State match in order to continue these programs for health improvement. As an example, the Title V Maternal and Child Health Program is funded at 3/7 State to 4/7 federal match. For every \$3 the State contributes, the State receives \$4 in federal funds. Conversely, if New Mexico loses State-matching funds, the federal funds are reduced. Furthermore, as these programs increase due to the increasing needs of residents in New

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Mexico, the need for State matching funds also increases.

BD/njw